

Message Text

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ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 IO-13 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 PA-01 PRS-01 DHA-02 AGRE-00 FEAE-00
ITC-01 DODE-00 FAA-00 DOTE-00 PM-04 ERDA-05 /115 W
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P R 071230Z MAR 77
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC PRIORITY 2101
INFO AMEMBASSY BRUSSELS
IUFNPS/AMEMBASSY PARIS 5314
AMEMBASSY YAOUNDE

C O N F I D E N T I A L KINSHASA 1922

YAOUNDE FOR AMB SEELYE

E.O. 11652: GDS
TAGS: PFOR CG OVIP (SEELYE, TALCOTT W. AND BOLEN, DAVID B.)
SUBJ: VISIT OF DEPUTY ASST SECRETARIES SEELYE AND BOLEN

1. SUMMARY: ON MAR 4, DEPUTY ASSISTANT SECRETARIES SEELYE AND BOLEN CALLED ON THE ACTING FONMIN, THE GOVERNOR OF THE CENTRAL BANK AND THE MINISTER OF FINANCE. THE MEETINGS WITH SMBWA AND BOFOSSA WERE PARTICULARLY USEFUL IN THAT THE TWO KEY ECONOMIC DECISION MAKERS PROVIDED A COMPREHENSIVE AND REALISTIC OVERVIEW OF ZAIRE'S PLANS UNDER THE PROPOSED NEW STABILIZATION PROGRAM WITH THE IMF. ON MAR 5, AMB SEELYE HAD LONG MEETING WITH PRES MOBUTU, DURING WHICH HE INTER ALIA CONVEYED ASSURANCES OF CONTINUED US ASSISTANCE, TOUCHED ON HUMAN RIGHTS ISSUE AND REVIEWED US POLICIES TOWARD SOUTHERN AFRICA. MOBUTU EMPHASIZED HIS DETERMINATION TO IMPLEMENT NEW STABILIZATION PROGRAM AND DESIRE TO CONTINUE CLOSE COOPERATION ON AFRICAN ISSUES OF COMMON INTEREST. AMB SEELYE ALSO VISITED THE INGA DAM COMPLEX. LOCAL PRESS AND TELEVISION COVERAGE WAS FULL AND FAVORABLE THROUGHOUT.
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END SUMMARY.

2. MEETING WITH ACTING FONMIN LOMBO FOCUSED MOSTLY ON ZAIRE'S CONTINUING DIFFICULTIES IN NORMALIZING RELATIONS WITH ANGOLA AND ON GOZ VIEWS RE ZIMBABWE. RE LATTER, LOMBO OBSERVED LOME OAU MEETING HAD GAILED TO ENDORSE PATRIOTIC FRONT EXCLUSIVELY, NOTING ZAIRE'S POSITION THAT OUTSIDERS SHOULD REFRAIN FROM SUPPORTING

ONE FACTION AGAINST ANOTHER AND THEREBY HELP AVOID TRAGIC DIVISIONS WHICH DEVELOPED IN ANGOLA.

3. THE GOVERNOR OF THE CENTRAL BANK AND THE MINISTER OF FINANCE MADE SIMILAR PRESENTATIONS OF THE PROPOSED NEW STABILIZATION PROGRAM WITH THE IMF. BOTH WERE CRITICAL OF PAST GOZ PERFORMANCE, BUT OPTIMISTIC THAT PRES MOBUTU WAS DETERMINED TO IMPOSE THE DISCIPLINE REQUIRED BY THE NEW PROGRAM. THEY POINTED OUT THE FUND HAD INSISTED ON A CUTBACK OF SOME 200 MILLION ZAIRES FROM THE GOZ BUDGET PRESENTATION OF EXPENDITURES OF OVER A BILLION ZAIRES, TO BRING THE SPENDING CEILING TO 800 MILLION ZAIRES FOR 1977. RECEIPTS ARE PROJECTED AT 640 MILLION ZAIRES. THE PROJECTED INCREASES IN RECEIPTS FROM THE 1976 LEVEL OF 500 MILLION ZAIRES WILL COME FROM NEW TAXES ON SUCH CONSUMER ITEMS AS COFFEE AND ALCOHOLIC BEVERAGES, ADDITIONAL REVENUE FROM PETROLEUM PRODUCTION (UNCLEAR AS TO HOW THIS WILL BE DONE), AND IMPROVED TAX COLLECTION MEASURES. THUS, THE FUND HAS ESTABLISHED A MAXIMUM DEFICIT FIGURE OF 160 MILLION ZAIRES, TO BE FINANCED MAINLY BY THE CENTRAL BANK BUT WITH SOME REVENUE FROM COUNTERPART FUNDS (15 MILLION ZAIRES FROM EUROPEAN DEVELOPMENT BANK LOAN) AND FROM THE SALE OF TREASURY BONDS. THE MAXIMUM LEVEL OF PERMISSIBLE CREDIT TO THE ECONOMY THROUGH THE PRIVATE BANKING SECTOR IS SET AT 130 MILLION ZAIRES.

4. SAMBWA AND BOFOSSA BOTH EMPHASIZED THE NEED TO HOLD DOWN GOVT SPENDING, TO KEEP THE LID ON SALARIES AND THROUGH THESE AND OTHER MEASURES TO CONTAIN THE INFLATION RATE AT NO MORE THAN 30 PER CENT ON AN ANNUAL BASIS. THEY WERE BOTH AWARE THAT THIS IS A VERY LARGE ORDER, BUT BOTH WERE CONFIDENT IT COULD BE DONE, CONFIDENTIAL

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BECAUSE, AS THEY REITERATED, PRES MOBUTU HAD NOW DECIDED TO IMPLEMENT A DISCIPLINED REFORM PROGRAM. AMBASSADORS SEELYE AND BOLEN PROBED WITH QUESTIONS ON ALL OF THE ABOVE POINTS AND ON THE GENERAL ISSUE OF GOZ DEVELOPMENT PRIORITIES. HERE SAMBWA AND BOFOSSA WERE AGAIN IN ACCORD: NO NEW PROJECTS, EMPHASIS ON AGRICULTURE, GETTING THE EXISTING INFRASTRUCTURE IN SHAPE AND PUSHING LOCAL PRODUCTION. AMBASSADORS SEELYE AND BOLEN ENCOURAGED THE MINISTERS IN THEIR ENDEAVORS AND REITERATED US SUPPORT FOR THE REFORM PROGRAM.

5. ON MAR 5, AMBASSADORS SEELYE AND CUTLER FLEW TO MBANDAKA WHERE THEY MET FOR OVER AN HOUR WITH PRES MOBUTU (AMBASSADOR BOLEN HAD DEPARTED THE PREVIOUS EVENING FOR WASHINGTON.) AMBASSADOR SEELYE REVIEWED IN GENERAL TERMS THE STATUS OF US ECONOMIC AND MILITARY ASSISTANCE PROGRAMS TO ZAIRE, EXPLAINED HUMAN RIGHTS ASPECTS OF OUR CURRENT FOREIGN POLICY, AND DISCUSSED GOZ TERMINATION OF PANAM SERVICES CONTRACT FOR AIR ZAIRE. SEELYE ALSO REVIEWED CURRENT US APPROACH TO SOUTHERN AFRICAN PROBLEMS, INCLUDING ANGOLA. MOBUTU, FOR HIS PART, STRESSED HIS DETERMINATION

TO IMPLEMENT NEW STABILIZATION PROGRAM AND NEED FOR CONTINUED
US ASSISTANCE. HE ALSO MADE CLEAR HIS DESIRE TO MAINTAIN CLOSE
CONSULTATIONS WITH NEW ADMINISTRATION ON AFRICAN PROBLEMS
AND TO CONTINUE TO COOPERATE WITH US ON ISSUES OF COMMON INTEREST
(FULL REPORT SEPTTEL).

6. ON MAR 7, AMB SEELYE FLEW TO THE INGA DAM TO VISIT THE HYDROELEC-
TRIC COMPLEX THERE AND TO BE BRIEFED ON THE INGA-SHABA
PROJECT. THE GOZ LAID ON A FULL SCHEDULE, DESIGNATING THE ACTING
HEAD OF SNEL AS AMB SEELYE'S ESCORT. TELEVISION COVERED
BOTH AMB SEELYE'S ARRIVAL AND HIS MEETING WITH PRES MOBUTU.
LOCAL PRESS ALSO REPORTED FAVORABLY.
CUTLER

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Message Attributes

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